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SUBJECT: G7 AND EU MEETING ON THE SCALES OF ASSESSMENT

REF: A. USUN 518  
[1](#)B. USUN 562  
[1](#)C. USUN 655  
[1](#)D. USUN 663

[1](#)1. (U) SUMMARY: On September 4, 2009 the Canadian Mission, hosted a meeting to discuss the next steps in the joint strategy for the scales debate this fall. The attendees were: Wasim Mir for the UK, Gregory Cazelet for France, Masatoshi Sugiura and Akihiro Okochi for Japan, Thomas Mangartz for Germany, Chris Plunkett, Veronique Pepin-Halle and Phillip Lafortune for Canada, Maria Hakansson for the EU Presidency, Bruce Rashkow, Eugene Chen and Eileen Merritt for the US Mission. The Canadian outlined an agenda for the discussion that consisted of four key issues; 1) opening statements at the start of the GA debate on scales, 2) Geneva Group Directors Level Meeting on scales, 3) refinement of an LPCIA option, and 4) Outreach.

[1](#)2. (U) Both the UK and France made it clear that the status quo on the regular budget scale was unacceptable and that obtaining a change to the scales methodology is a national priority this year. Both indicated that these positions should be reflected by the entire group in the opening statements made in plenary on the item. The U.S. cautioned that the decision whether to make such a statement is a question of strategy and tactics and that making such a statement runs the risk of antagonizing Brazil, Russia, India and China (BRIC) and the G-77 at the outset of the session. The US argued and most of the group agreed that while the core principles of the group should be reflected in the opening statements, the particulars of the approach should be discussed at a higher level. In this respect, the Canadian suggested a Director's Level meeting on scales at the margins of the Geneva Group (GG) to discuss goals and strategy. The day and time of that meeting has yet to be determined. On outreach, there was a discussion of whether to support including Mexico and the Republic of Korea (ROK) in the discussions of the group as we move forward. Concerns were raised by a number of the participants because of Mexico's position on the peacekeeping scales (see para 6). It was agreed to leave this question for Capitals - perhaps to be discussed at the proposed meeting on the margins of the GG meeting.  
END SUMMARY

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Opening Statements  
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[1](#)3. (U) Participants discussed coordination of the opening statements for the scales item when the debate opens. The Secretariat coordinator of the Fifth Committee indicated that the scales of assessment item will be introduced in the first two days of the October session of the Fifth Committee, with the first day devoted to regular budget scales and the second day devoted to the peacekeeping scale. Discussions will cease after two weeks and then resume in late November. The Canadian suggested that the group should coordinate language for the opening statements to reflect the group position on the item. The U.S. noted that the agreed approach was to

recognize the redlines of the participants, including the US redline respecting the cap, and focus on the BRIC through an LPCIA approach. From a tactical perspective, the U.S. stressed that the statements should focus on general principles and the concept of fairness of the scales methodology rather than a particular model. In response, the UK stated emphatically the statements should make it clear that status quo is unacceptable and that it should be changed at this session of the GA. The U.S. cautioned against at the outset of deliberations on rejecting the status quo and insisting on changing the methodology at this session. He suggested that taking such a position runs a high risk of prematurely driving the G-77 into the hands of the BRIC and polarizing the discussion before there has been any opportunity to explore possible changes. The UK expressed grave concern at this remark. Japan stated that the statements should reflect our core principles rather than get into specific proposals and should be delivered at a high level. In the end, most agreed with a more general approach.

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Director Level Meeting on Scales  
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¶4. (U) All agreed that a higher level of engagement on the scales issue should be addressed at a meeting of the G-7 plus Sweden GG Directors on the margins of the GG meeting to be held September 29, 2009. In this respect, all agreed that the meeting should address the goals and strategy of the group for moving forward on this initiative, including coordination of opening statements, bearing in mind that there will be separate sessions on the regular budget scales and the peacekeeping scales. A time and date has yet to be determined and will be coordinated in the coming weeks.

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LPCIA  
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¶5. (U) The Canadian indicated that the group should consider alternative models that might benefit member states within the G77 to help efforts to weaken the solidarity amongst the G77 so a change in the scale methodology can be more achievable. The UK recommended the group look at methods to either benefit the G77 at the expense of the BRIC or find ways to defer the savings to the G7 group until future years. The U.S. suggested that if we can't get a change in the scale methodology at this session, we may want to consider a phased in approach to change where agreement is reached in principle to make a change but defer taking concrete action until a later time. The UK seemed receptive to the U.S. proposal and indicated the suggestion warrants study but cautioned that it must be realized within a 3-year period, and not deferred to the next scales debate.

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Outreach  
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¶6. (U) The question of when to expand the group to Mexico and other member states was raised to which the UK responded that the Director's meeting might be a good opportunity to begin outreach. The Canadian pointed out that the inclusion of Mexico introduces a number of interesting challenges because it hinders the freedom of movement of the group on the particular elements of the scales methodology (e.g. debt burden), while also giving the group the benefit of an influential voice. The U.S. noted that the scheduling of two days for the opening of the scales discussion means that the group will need to prepare two statements, one on the regular budget and another on the peacekeeping scale. As a result, the group will have to consider how this will fit into the groups tactical strategy in dealing with potential partners such as Mexico and the ROK. It will be harder to coordinate on both scales especially in the event that Mexico, which receives a 70 percent discount as a member state in Level H in the peacekeeping scale of assessment, and others are

included.

17. (U) Possible outreach to the BRIC was also raised as a way to explain that the G7 group respects the BRIC's growing importance and influence and that the assessments should be reflective of that growth. The German suggested that China appears to want to talk about scales to avoid a confrontation. The group will also need to coordinate the response to Russia's attempt to have its conversion rate changed from the market exchange to a price-adjusted rate of exchange. The resulting discounts would be offset through a voluntary increase in their assessment that will benefit the smaller G77 countries to obtain their support. All agreed that a strong response to Russia's attempt would be needed to avoid harm to the scales. The German recommended that the group appeal to Russia's self-perception of importance even though it pays less than many small EU countries.

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G77 Leadership Vaccum  
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18. (U) According to Italy, the G77 is engaging in internal discussions on the scales moving toward considering both the regular budget and peacekeeping scales together to obtain a method that doesn't hurt or help too much. Given the void of strong G77 leadership, the possibility of repeating the western unified front displayed for the peacekeeping negotiation in June was mentioned. The U.S. suggested that weak leadership in the G77, rather than offering an opportunity, could present a challenge - undermining the ability of the G77 to coordinate effectively in order to reach a consensus. The UK and Canada expressed the view that the weakness can be an advantage in obtaining a change given the diversity of strong national interests in the scales debate.

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Conclusion  
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19. (U) The Canadian proposed an additional G7 plus one meeting on scales scheduled before the opening of Fifth Committee on October 2. In the meantime, coordination continues on scheduling of the Director's level meeting, on scales to be held on the margins of the GG meeting.

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